

Execution Copy

CONTRACT
FOR
PRIVATE DEVELOPMENT
between
CITY OF SHELBY, MONTANA
and
CHS Inc.

Dated as of: May 21, 2013

This document was drafted by:

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CONTRACT FOR PRIVATE DEVELOPMENT

THIS CONTRACT FOR PRIVATE DEVELOPMENT (this "Agreement"), made as of the 21st day of May, 2013, by and between the City of Shelby, a Montana municipal corporation (the "City") and CHS Inc., a Minnesota cooperative corporation (the "Developer").

WITNESSETH:

WHEREAS, the City has established its Shelby Industrial Park-Fairgrounds Area Tax Increment Financing District (the "TIF District") pursuant to Montana Code Annotated, Sections 7-15-4282 through 7-15-4299, and Montana Code Annotated, Title 7, Part 15, Chapter 43, as amended (collectively, the "Act");

WHEREAS, the TIF District is an Industrial Tax Increment Financing District authorized to be established pursuant to the provisions of the Act in order to encourage the development of secondary value added industries in the City;

WHEREAS, the Developer would like to develop certain parcels in the TIF District (the "Development Property") as described herein with the acquisition, construction, and equipping of an approximately 40,000 ton bulk dry fertilizer receiving and distribution facility including a 45,000 square foot building and a parking area (the "Project"); and

WHEREAS, the City believes that the development of the Development Property pursuant to and in general fulfillment of this Agreement, are in the vital and best interests of the City, will promote the health, safety, morals, and welfare of its residents, and will be in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

[Remainder of this page intentionally left blank.]

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Act” or “Tax Increment Act” means Montana Code Annotated, Sections 7-15-4282 through 7-15-4299, and Title 7, Part 15, Chapter 43, as amended.

“Actual Taxable Value” means the taxable value of all taxable property within the Industrial District at any time, as calculated from the assessment roll last equalized.

“Agreement” means this Contract for Private Development, as the same may be from time to time modified, amended, or supplemented.

“Authorizing Resolution” means the resolution of the City, substantially in the form of attached Exhibit B, adopted by the City Council on May 20, 2013, approving this Agreement.

“Available Tax Increment” means the tax increments derived from the Development Property. Available Tax Increment does not include any tax increments derived from parcels other than the Development Property in the TIF District.

“Base Taxable Value” means the actual taxable value of the Development Property prior to the effective date of a tax increment financing provision. Base Taxable Value may be adjusted as provided in Section 7-15-4287 or 7-15-4293 of the Act.

“Business Day” means any day except a Saturday, Sunday, legal holiday, a day on which the City is closed for business, or a day on which banking institutions in the City are authorized by law or executive order to close.

“Certificate of Completion” means the Certificate, in substantially the form attached as Exhibit C, provided to the Developer, or the purchaser of any part, parcel, or unit of the Development Property, pursuant to Section 5.4 of this Agreement.

“CHS Facility” means an approximately 40,000 ton bulk dry fertilizer receiving and distribution facility including a 45,000 square foot building and a parking area Project.

“City” means the City of Shelby, Montana, its successors and assigns.

“City Representative” means the Mayor or Finance Director of the City, or any person designated by the Mayor to act as the City Representative for the purposes of this Agreement.

“Completion Date” means the earliest of: (i) the date of issuance of the Certificate of Completion for the Minimum Improvements, or (ii) the date that the Developer places the Project in service for federal income tax purposes.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by the Developer on the Development Property which (a) shall be as detailed as the plans, specifications, drawings, and related documents which are submitted to the building official of the City, and (b) shall include at least the following for the facility: (1) site plan; (2)

foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

“County” means Toole County, Montana, its successors and assigns.

“Developer” means CHS Inc., a Minnesota cooperative corporation, or its permitted successors and assigns.

“Development Property” means the real property legally described in Exhibit A of this Agreement upon which the Project will be constructed.

“Event of Default” means an action by the Developer listed in Article X of this Agreement.

“Material Change” means a change in construction plans that decrease the cost of the Minimum Improvements by \$250,000 or more.

“Maturity Date” means the date that the TIF Note has been paid in full or terminated in accordance with its terms, whichever is earlier.

“Minimum Improvements” means the construction and equipping on the Development Property of the CHS Facility.

“Project” means the construction, acquisition, and equipping of the CHS Facility.

“Public Development Costs” has the meaning provided in Section 4.1 hereof.

“State” means the State of Montana.

“Tax Increment” means that portion of the real property taxes that is paid with respect to the Development Property and that is remitted to the City as tax increment pursuant to the Act.

“Tax Increment District” or “TIF District” means the City’s Shelby Industrial Park-Fairgrounds Area Tax Increment Financing District.

“Tax Increment Plan” or “TIF Plan” means the ordinance of the City establishing the TIF District as amended from time to time.

“Tax Official” means the Montana Department of Revenue, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“TIF Note” means the City’s Taxable Tax Increment Revenue Note, Series 2013 (CHS Project), to be delivered by the City to the Developer in accordance with Section 4.2 hereof.

“Transfer” has the meaning set forth in Section 9.2(a) hereof.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any

federal, state or local governmental unit (other than the City in exercising its rights under this Agreement), including without limitation condemnation or threat of condemnation of any portion of the Development Property, which directly result in delays. Unavoidable Delays shall not include delays experienced by the Developer in obtaining permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under Section 5.3 of this Agreement, so long as the Construction Plans have been approved in accordance with Section 5.2 hereof.

[Remainder of this page intentionally left blank.]

ARTICLE II

Representations and Warranties

Section 2.1. Representations and Warranties by the City.

(a) The City is a municipal corporation organized and existing under the Constitution and the laws of the State. Under the provisions of the Act, the City has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the City are undertaken for the purpose of fostering the development of certain real property in the City, which will create new tax base in the City and create employment opportunities in the City.

(c) The City will use its best efforts to facilitate development of the Minimum Improvements, including but not limited to cooperating with the Developer in obtaining necessary administrative and land use approvals and construction financing pursuant to Section 8.1 hereof.

(d) The City will issue the TIF Note, subject to all the terms and conditions of this Agreement and sell the TIF Note to the Developer.

Section 2.2. Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a cooperative corporation, which is duly organized under the laws of the State of Minnesota and in good standing in the State of Montana; the Developer is not in violation of any provisions of its bylaws or operating agreement; the Developer is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery, and performance of this Agreement by proper action of its respective officers, directors, managers, governors or members (as applicable). The Developer will purchase the Development Property and construct the Minimum Improvements on the Development Property.

(b) The Developer will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, and all local, state, and federal laws and regulations (including, but not limited to, environmental, zoning, building code, and public health laws and regulations).

(c) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer in the Development Property may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) The Developer will obtain or cause to be obtained, in a timely manner, all required permits, licenses, and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing, which default or breach might prevent the Developer from performing its obligations under this Agreement.

(f) The Developer shall promptly advise the City in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental authority materially affecting the Minimum Improvements or materially affecting Developer or its business which may delay or require changes in construction of the Minimum Improvements.

(g) The proposed development by the Developer hereunder would not occur but for the tax increment financing assistance being provided by the City hereunder.

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ARTICLE III

Acquisition and Conveyance of Property; Assessments; Site Improvements

Section 3.1. Status of Development Property. As of the date of this Agreement, Toole County (the "County") owns the Development Property. The County will convey the Development Property to the City and the City will purchase from the County via a limited warranty deed for the purchase price of \$313,400.00. In order to assist the Developer in making development of the Minimum Improvements economically feasible, the City will convey title to and possession of the Development Property to the Developer, subject to all the terms and conditions of this Agreement. Further, the City agrees to assist the Developer with the relocation of the 3 Rivers Coop Right of Way recorded in Book 98, page 948.

Section 3.2. Conditions of Conveyance; Purchase Price. (a) After the City has acquired title to the Development Property, the City shall convey title to and possession of the Development Property to the Developer by a quit claim deed in substantially the form attached hereto as Exhibit D. The City's obligation to convey the Development Property to the Developer is subject to the satisfaction of the following terms and conditions:

(a) The Developer demonstrating to the City that the Developer has allocated sufficient funds to fund the construction of the Minimum Improvements;

(b) The Developer having submitted and the City having approved Construction Plans for the Minimum Improvements;

(c) The Developer having reviewed and approved title to the Development Property as set forth in Section 3.2; and

(d) There being no uncured Event of Default by the Developer under this Agreement.

(e) The closing on the conveyance of the Development Property from the City to the Developer shall occur on or before May 31, 2013, or such other date as the City and the Developer agree in writing.

(f) The "Purchase Price" to be paid to the City by the Developer in exchange for the conveyance of the Development Property shall be \$313,400.00. Upon commencement of construction of the Minimum Improvements, the Developer may seek reimbursement for land costs consisting with the manner for Public Development Costs.

Section 3.3. Place of Document Execution, Delivery, and Recording. (a) Unless otherwise mutually agreed by the City and the Developer, the execution and delivery of all deeds, documents, and the payment of the purchase price shall be made at the offices of the City.

(b) The deed shall be in recordable form and shall be promptly recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. At closing, the City shall pay: all recording costs, including State deed tax, in connection with the conveyance of the Development Property, costs of recording any instruments used to clear title encumbrances, and title insurance commitment fees and premiums, if any, and title company closing fees, if any.

(c) The parties understand and acknowledge that the Development Property is currently classified as exempt from real property taxes for tax year 2013 and is anticipated to be classified as

taxable upon conveyance to the Developer. The parties further understand and acknowledge that there are no outstanding levied special assessments against the Development Property.

Section 3.4. Title. Prior to execution of this Agreement, the Developer was provided an opportunity to review a commitment for the issuance of a policy of title insurance for the Development Property issued by the Title Company. The Developer reviewed the state of title to the Development Property and was given an opportunity to state the Developer's objections to such title. The recordation of the deed transferring title to the Development Property from the City to the Developer is acceptance by the Developer of the state of title to the Development Property.

Section 3.5. Environmental Conditions; Other Representations.

(a) The City does not make any representations or warranties as to the condition of the soils on the Development Property or its fitness for the construction of Minimum Improvements or any other purpose for which the Developer may make use of such property. The Developer is acquiring the Development Property "AS IS." The assistance provided to the Developer under this Agreement neither implies any responsibility by the City for any contamination of the Development Property nor imposes any obligation on such parties to participate in any cleanup of the Development Property.

(b) Prior to execution of this Agreement, the Developer and person or persons selected by the Developer were permitted access by the County and the City to the Development Property for the purpose of conducting such studies and investigations of the Development Property as the Developer deems appropriate, which studies and investigations were conducted at the Developer's sole expense and pursuant to any other terms and conditions of this Agreement. The Developer agrees to indemnify and defend the City against any liability, cost, or expense incurred by the City as a result of the Developer's actions, including, but not limited to, fines court costs, reasonable attorneys' fees, and remedial costs. Such studies may include without limitation, physically inspecting the Development Property which records shall be made reasonably available to the Developer.

(c) Without limiting its obligations under Section 9.3 of this Agreement, the Developer further agrees that it will indemnify, defend, and hold harmless the City and its officials, employees, and agents from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants existing on or in the Development Property, unless and to the extent that such hazardous wastes or pollutants are present as a result of the actions or omissions of the City. Nothing in this section will be construed to limit or affect any limitations on liability of the City under State or federal law.

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ARTICLE IV
Tax Increment Financing Assistance

Section 4.1. Reimbursement of Certain Developer Costs. The Developer shall undertake all necessary installation of public infrastructure and site improvements needed to construct the Minimum Improvements (such activities are collectively referred to as the "Public Development Costs") or the cost of the acquisition of the land comprising the Development Property. In order to make the development of the Minimum Improvements economically feasible, the City shall reimburse the Developer for Public Development Costs and the Developer's cost of acquiring the Development Property from the City in the maximum amount of \$500,000 less City's transaction costs for the land transfer and entering into this Agreement, which are estimated not to exceed \$30,000. Public Development Costs that are eligible to be reimbursed are set forth in Section 7-15-4282 of the TIF Act, including the cost of acquiring the Development Property. The City, in consultation with its public finance advisors, will determine what Public Development Costs are eligible to be reimbursed with Tax Increment pursuant to the TIF Act.

Section 4.2. Issuance of TIF Note.

(a) *Terms.* In order to reimburse the Developer for a portion of the Public Development Costs related to constructing the Minimum Improvements on the Development Property and the land acquisition costs for the Development Property, the City shall issue the TIF Note to the Developer as described herein. The City and the Developer agree that the TIF Note shall be issued in consideration of the Developer paying the costs of acquisition of the Development Property, the Public Development Costs and the construction of the Minimum Improvements. Before delivery of the TIF Note, the Developer shall have:

(i) delivered to the City written evidence in a form satisfactory to the City that the Developer will pay the cost of Public Development Costs; and

(ii) submitted the Construction Plans to the City and obtained approval for the Construction Plans from the City.

In addition, the City shall be under no obligation to transfer any portion of the reimbursement amount (not to exceed \$500,000 less City's transaction costs for the land transfer and entering into this Agreement) to the Developer for reimbursement of construction of the Public Development Costs or the cost of acquisition of the Development Property without the Developer submitting detailed invoices for such costs to the City with a written request for the reimbursement of such costs.

The terms of the TIF Note will be substantially those set forth in the form of the TIF Note shown in EXHIBIT B.

(b) *Qualifications.* The Developer understands and acknowledges that the City makes no representations or warranties regarding the amount of Available Tax Increment, or that revenues pledged to the TIF Note will be sufficient to pay the principal and interest on the TIF Note. Any estimates of Tax Increment prepared by the City or its financial advisors in connection with the TIF District or this Agreement are for the benefit of the City, and are not intended as representations on which the Developer may rely. If the Public Development Costs and Development Property acquisition costs exceed \$500,000 less City's transaction costs for the land transfer and entering into this Agreement, such excess is the sole responsibility of Developer.

(c) In addition to the requirements of the Developer relating to the City's issuance of the TIF Note, the City shall only be required to issue the TIF Note upon such time as the Developer has notified

the City in writing that construction of the Minimum Improvements has commenced and there are Public Development Costs in excess of the remaining allocation to be incurred and that the Developer certifies that it understands the source of revenue pledged by the City to the TIF Note. In addition, the Developer must acknowledge that the TIF Note is not a general or moral obligation of the City and the TIF Note is a special limited obligation of the City payable solely from the Available Tax Increment derived from the development of the Project on the Development Property in the TIF District.

(d) The TIF Note may not be assigned by the Developer to another party without the prior written consent of the City.

Section 4.3. Job and Wage Goals.

(a) Job and Wage Goals. Within three years after the Completion Date, the Developer shall cause to be created at least 15 full-time equivalent jobs on the Development Property. The wages for the full-time equivalent jobs shall be no less than \$15.00 per hour, exclusive of benefits. The "Completion Date" is the earliest of: (i) the date of issuance of the Certificate of Completion for the Minimum Improvements, or (ii) the date that the Developer places the Project in service for federal income tax purposes.

Notwithstanding anything to the contrary herein, if the wage and job goals described in this paragraph are met within 12 months after the Completion Date, those goals are deemed satisfied. The City may extend the date for compliance with these job and wage covenants by up to one year, provided that nothing in this section will be construed to limit the City's legislative discretion regarding this matter.

(b) Remedies. If the Developer fails to meet or maintain the goals described in Section 4.3(a), this Agreement, then the City shall have the right, in its sole discretion, to cancel the TIF Note and not repay the remaining principal amount thereof plus accrued interest from Available Tax increments.

Nothing in this Section shall be construed to limit the City's remedies under Article 10 hereof.

(c) Reports. The Developer must submit to the City, a written report regarding job and wage goals and results by no later than January 1st of each year, commencing on January 1, 2015, and continuing until the later of (i) the date the goals stated in Section 4.3 (a) are met; or (ii) if the goals are not met, the date of repayment in accordance with Section 4.3 (b). The City will provide information to the Developer regarding the required forms. If the Developer fails to timely file any report required under this Section, the City will mail the Developer a written warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to provide a report, the Developer must pay to the City a penalty of \$20 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$7,300.

Section 4.4. Payment of City Costs. The Developer agrees that the City's costs of entering into this Agreement, the transfer of the Development Property to the Developer, and the issuance of the TIF Note shall be reduced from the proceeds of the TIF Note and the amount available to be distributed from the TIF Note to the Developer to reimburse the Developer for the acquisition of the Development Property and to pay the Public Development Costs. The costs to be paid from the proceeds of the TIF Note shall be the costs of the issuance of the TIF Note to the Lender, reasonable costs of consultants and attorneys retained by the City in connection with the negotiation in preparation of this Agreement and, the transfer of the Development Property to the Developer other incidental agreements and documents related to the development contemplated hereunder, including the issuance of the TIF Note, which are estimated not to exceed \$30,000.

ARTICLE V

Construction of Minimum Improvements

Section 5.1. Construction of Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property in accordance with the approved Construction Plans and at all times prior to the Maturity Date, will operate and maintain, preserve, and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved, and kept with the appurtenances and every part and parcel thereof, in good repair and condition. The cost of the Minimum Improvements shall be not less than \$5,500,000 for the building portion of the Project and \$2,200,000 for the initial equipment to be installed in the Project.

Section 5.2. Construction Plans.

(a) Before commencing construction of the Minimum Improvements, the Developer shall submit to the City Construction Plans for the Minimum Improvements. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with this Agreement, the objectives of the TIF District, and all applicable State and local laws and regulations. The City will approve the Construction Plans in writing if (i) the Construction Plans conform to all terms and conditions of this Agreement; (ii) the Construction Plans conform to the goals and objectives of the TIF District; (iii) the Construction Plans conform to all applicable federal, state, and local laws, ordinances, rules, and regulations; (iv) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (v) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer for construction of the Minimum Improvements; and (vi) no Event of Default has occurred. No approval by the City shall relieve the Developer of the obligation to comply with the terms of this Agreement, applicable federal, state, and local laws, ordinances, rules, and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the City shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the City, in whole or in part. Such rejections shall set forth in detail the reasons therefore, and shall be made within 20 days after the date of receipt of final plans from the Developer. If the City rejects any Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within 20 days after written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection, and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City. The City's approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements, constructed in accordance with said plans) comply to the City's satisfaction with the provisions of this Agreement relating thereto.

(b) If the Developer desires to make any Material Change in the Construction Plans or any component thereof after their approval by the City, the Developer shall submit the proposed change to the City for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 5.2 of this Agreement with respect to such previously approved Construction Plans, the City shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the City unless rejected, in whole or in part, by written notice by the City to the Developer, setting forth in detail the reasons therefor. Such rejection shall be made within 20 days after receipt of the notice of such change. The City's approval of any such change in the Construction Plans will not be unreasonably withheld.

Section 5.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of the Minimum Improvements by October 1, 2013. Subject to Unavoidable Delays, the Developer shall complete the construction of the Minimum Improvements by July 1, 2014. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in conformity with the Construction Plans as submitted by the Developer and approved by the City.

The Developer agrees for itself, its successors, and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 5.3 of this Agreement. After the date of this Agreement and until construction of the Minimum Improvements has been completed, the Developer shall make reports, in such detail and at such times as may reasonably be requested by the City, as to the actual progress of the Developer with respect to such construction

Section 5.4. Certificate of Completion.

(a) Promptly after completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements (including the dates for beginning and completion thereof), the City Representative will furnish the Developer with a Certificate of Completion shown as Exhibit C.

(b) If the City Representative refuses or fails to provide any certification in accordance with the provisions of this Section 5.4 hereof, the City Representative shall, within 30 days after written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts will be necessary, in the opinion of the City, for the Developer to take or perform in order to obtain such certification.

(c) The construction the Minimum Improvements shall be deemed to be complete upon a determination by the City Representative that all Minimum Improvements on the Development Property have been substantially completed in accordance with approved Construction Plans.

Section 5.6. Failure by the Developer to Construct the Minimum Improvements. Subject to inavoidable delay due to force majeure, if the Developer fails to complete the construction of the Minimum Improvements by July 1, 2014 and there have been no Unavoidable Delays, the Development Property shall automatically revert back to the City. The Developer shall reimburse the City for all of the City's costs that the City incurred in acquiring the Development Property from the County, conveying it to the Developer, and the conveyance back to the City.

ARTICLE VI

Insurance

Section 6.1. Insurance.

(a) The Developer will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy covering the following:

(i) builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to 100 percent of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy. The interest of the City shall be protected in accordance with a clause in form and content satisfactory to the City;

(ii) comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations, and contractual liability insurance) together with an Owner's Protective Liability Policy, or equivalent, with limits against bodily injury and property damage of not less than \$2,000,000 for each occurrence, \$4,000,000 aggregate (to accomplish the above-required limits, an umbrella excess liability policy may be used). The City shall be listed as an additional insured on the policy; and

(iii) workers' compensation insurance, with statutory coverage, as required by State law.

(b) Upon completion of construction of the Minimum Improvements and prior to the Maturity Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, insurance as follows:

(i) insurance against loss or damage to the Minimum Improvements under a policy or policies covering such risks;

(ii) comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and property, in the minimum amount for each year of \$2,000,000 for each occurrence, \$4,000,000 aggregate, and shall be endorsed to show the City as an additional insured; and

(iii) such other insurance, including workers' compensation insurance respecting all employees of the Developer, in such amount as required by law.

(c) All insurance required in Article VI of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer that are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the City a certificate of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article VI of this Agreement each policy shall contain a provision that the insurance will not be cancelled herein without giving written notice to the Developer and the City at least 30 days before the cancellation becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer agrees to notify the City immediately in the case of damage exceeding \$250,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will promptly repair, reconstruct, and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction, and restoration, the Developer will apply the net proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer shall complete the repair, reconstruction and restoration of the Minimum Improvements, regardless of whether the net proceeds of insurance received by the Developer for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction, and restoration shall be the property of the Developer.

(e) The Developer and the City agree that all of the insurance provisions set forth in this Article 6 shall terminate upon the termination of this Agreement.

[Remainder of this page intentionally left blank.]

ARTICLE VII

Tax Increment; Taxes

Section 7.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the development through the issuance of the TIF Note. The Developer understands that the Tax Increments pledged to payment on the TIF Note are derived from real estate taxes on the Development Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real estate taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the City to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county. In any such suit, the City shall also be entitled to recover its costs, expenses and reasonable attorneys' fees.

Section 7.2. Reduction of Taxes. The Developer agrees that prior to the Maturity Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (A) willful destruction of the Development Property or any part thereof; or (B) willful refusal to reconstruct damaged or destroyed property. The Developer also agrees that it will not, prior to the Maturity Date, seek exemption or an abatement from property tax for the Development Property or any portion thereof or transfer or permit the transfer of the Development Property to any entity that is exempt from real property taxes and state law or apply for a deferral of property tax on the Development Property pursuant to any law.

Section 7.3. Minimum Assessment; Petition to Reduce Tax. While the TIF Note is outstanding, the Developer hereby agrees to a minimum property tax assessment amount for each tax year equal to the greater of (i) \$55,000, or (ii) the amount of Available Tax Increment required to pay debt service on the TIF Note from the effective date of this Agreement. While the TIF Note is outstanding, the Developer shall not seek through petition or other means to have the taxable value for the Development Property reduced.

[Remainder of this page intentionally left blank.]

ARTICLE VIII

Other Financing

Section 8.1. Generally. Before issuance of the TIF Note, the Developer shall submit to the City or provide access thereto for review by City officials, staff, consultants, and agents, evidence reasonably satisfactory to the City that Developer has available funds, or commitments to obtain funds, sufficient for paying the cost of the developing the Minimum Improvements.

[Remainder of this page intentionally left blank.]

ARTICLE IX

Prohibitions Against Assignment and Transfer; Indemnification

Section 9.1. Representation as to Development. The Developer represents and agrees that its purchase of the Development Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of development of the Development Property and not for speculation in land holding.

Section 9.2. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. The Developer represents and agrees that prior to issuance of a Certificate of Completion for the Minimum Improvements:

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to undertaking the development contemplated under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity whether or not related in any way to the Developer (collectively, a "Transfer"), without the prior written approval of the City (whose approval will not be unreasonably withheld, subject to the standards described in paragraph (b) of this Section) unless the Developer remains liable and bound by this Agreement in which event the City's approval is not required. Any such Transfer shall be subject to the provisions of this Agreement. For the purposes of this Agreement, the term Transfer does not include acquisition of a controlling interest in Developer by another entity or merger of Developer with another entity.

(b) In the event the Developer, upon Transfer of the Development Property or any portion thereof, seeks to be released from its obligations under this Agreement as to the portion of the Development Property that is transferred or assigned, the City shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any such release that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer as to the portion of the Development Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the City shall, for itself and its successors and assigns, and expressly for the benefit of the City, has expressly assumed all of the obligations of the Developer under this Agreement as to the portion of the Development Property and Minimum Improvements to be transferred and agreed to be subject to all the conditions and restrictions to which the Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property and Minimum Improvements, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the City) deprive the City of any rights or remedies or controls with respect to the Development Property, the Minimum Improvements or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically

provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property, the Minimum Improvements or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally, or practically, to deprive or limit the City of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Development Property and Minimum Improvements that the City would have had, had there been no such transfer or change. In the absence of specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the Development Property and Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article IX, shall be in a form reasonably satisfactory to the City.

In the event the foregoing conditions are satisfied then the Developer shall be released from its obligation under this Agreement, as to the portion of the Development Property that is transferred, assigned, or otherwise conveyed. The restrictions under this Section terminate upon issuance of the Certificate of Completion.

Section 9.3. Release and Indemnification Covenants.

(a) The Developer releases from and covenants and agrees that the City and its officials, agents, servants, and employees thereof shall not be liable for and agrees to indemnify and hold the City harmless against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Development Property or the Minimum Improvements.

(b) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the City, and except for any breach by the City of its obligations under this Agreement, the Developer agrees to protect and defend the City, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance, and operation of the Development Property.

(c) The City shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, servants, or employees or any other person who may be about the Development Property or Minimum Improvements.

(d) All covenants, stipulations, promises, agreements, and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of such entity and not of any governing body member, officer, agent, servant, or employee of such entities in the individual capacity thereof.

ARTICLE X

Events of Default

Section 10.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events:

- (a) Failure by the Developer or the City to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement.
- (b) Commencement by the Holder of any Mortgage on the Development Property or any improvements thereon, or any portion thereof, of foreclosure proceedings as a result of default under the applicable Mortgage documents;
- (c) If the Developer shall:
 - (i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law; or
 - (ii) make an assignment for benefit of its creditors; or
 - (iii) admit in writing its inability to pay its debts generally as they become due; or
 - (iv) be adjudicated a bankrupt or insolvent.

Section 10.2. Remedies on Default. Whenever any Event of Default referred to in Section 10.1 of this Agreement occurs, the City may:

- (a) Suspend its performance under the Agreement until it receives reasonably satisfactory assurances that the defaulting party will cure its default and continue its performance under the Agreement.
- (b) Take whatever action, including legal, equitable, or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order for the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article X.

Section 10.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party,

such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 10.5. Attorneys' Fees. Whenever any Event of Default occurs and if the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer agrees that it shall, within 10 days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

[Remainder of this page intentionally left blank.]

ARTICLE XI

Additional Provisions

Section 11.1. Conflict of Interests; Representatives Not Individually Liable. The City and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement that affects his or her personal interests or the interests of any corporation, partnership, or association in which he, directly or indirectly, is interested. No member, official, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City for any amount that may become due to the Developer or successor or on any obligations under the terms of the Agreement.

Section 11.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state, and local equal employment and non-discrimination laws and regulations.

Section 11.3. Restrictions on Use. The Developer agrees that until the Maturity Date, the Developer, and such successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements as a facility that is a secondary value adding facility within the meaning of the TIF Act, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 11.4. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 11.5. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the following addresses (or to such other addresses as either party may notify the other):

To Developer: CHS Inc.
5500 Cenex Drive
Inver Grove Heights, MN 55077
Attn: Executive Vice President, Country Operations

To City: City of Shelby
112 1st Street South
Shelby, MT 59474
Attn: Mayor

Section 11.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 11.7. Recording. The City may record this Agreement and any amendments thereto with the Toole County Clerk and Recorder. The City shall pay all costs for recording.

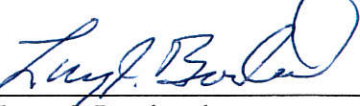
Section 11.8 Amendment. This Agreement may be amended only by written agreement approved by the City and the Developer.

Section 11.9. City Approvals. Unless otherwise specified, any approval required by the City under this Agreement may be given by the City Representative.


[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the City and the Developer have caused this Contract for Private Development to be duly executed by their duly authorized representatives as of the date first above written.

CITY OF SHELBY, MONTANA

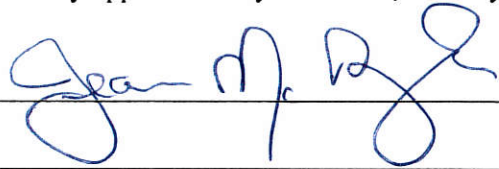
By: 
Larry J. Bonderud
Its: Mayor

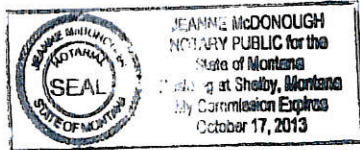
Attested to:

By: 
Teri Ruff
Its: City Finance Director

STATE OF MONTANA)
) ss
COUNTY OF TOOLE)

On this 30th day of May, 2013, personally appeared Larry Bonderud, the Mayor of the City of Shelby, Montana, on behalf of the City.





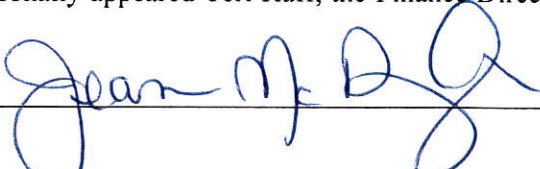
(Typed, Stamped, or Printed Name of Notary)

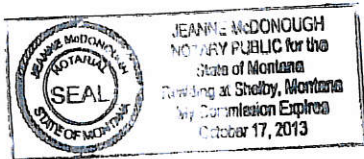
Notary Public for the State of Montana
Residing at: _____
My commission expires: _____, 20__

(seal)

STATE OF MONTANA)
) ss
COUNTY OF TOOLE)

On this 30th day of May, 2013, personally appeared Teri Ruff, the Finance Director of the City of Shelby, Montana, on behalf of the City.





(Typed, Stamped, or Printed Name of Notary)

Notary Public for the State of Montana
Residing at: _____
My commission expires: _____, 20__

(seal)

Execution page of the Developer to the Contract for Private Development, dated as of the date and year first written above.

CHS INC.

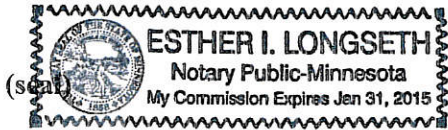
By: John McEnroe
Its: Executive Vice President

STATE OF MINNESOTA)
) ss
COUNTY OF DAKOTA)

On this 24th day of May, 2013; personally appeared John McEnroe,
the Executive Vice President on behalf of the corporation of CHS Inc., a Minnesota cooperative corporation,
authorized to do business in the State of Montana on behalf of said corporation.

Esther I. Longseth
Esther I. Longseth

(Typed, Stamped, or Printed Name of Notary)



Notary Public for the State of Minnesota
Residing at: Stillwater, Minnesota
My commission expires: January 31, 2015

EXHIBIT A

LEGAL DESCRIPTION OF THE DEVELOPMENT PROPERTY

A tract of land located in the SW $\frac{1}{4}$ of Sec. 26, SE $\frac{1}{4}$ of Sec. 27, and NW $\frac{1}{4}$ of Sec. 35, Township 32 North, Range 2 West, P.M. Montana, Toole County, City of Shelby, Montana, more particularly described as follows:

Commencing at the southeast section corner of said Sec. 27 thence N $00^{\circ}03'15''$ W, 258.36 feet to the point of beginning; thence N $64^{\circ}52'21''$ W, 99.04 feet; thence N $10^{\circ}28'43''$ E, 490.32 feet to the east section line of said Sec. 27; thence N $10^{\circ}28'43''$ E, 376.50 feet to the southerly property line of railroad spur tract as shown on C.O.S. 349577; thence S $54^{\circ}25'30''$ E, 890.37 feet along the southerly line of said tract as shown on C.O.S. 349577 to the west right-of-way of Marias Fair Road as shown on C.O.S. 337703; thence S $00^{\circ}40'04''$ E, 636.05 feet along said Marias Fair Road to the south section line of said Sec. 26; thence S $00^{\circ}40'04''$ E, 116.09 feet along said Marias Fair Road; thence N $64^{\circ}52'21''$ W, 274.24 feet to the south section line of said Sec. 26; thence N $64^{\circ}52'21''$ W 610.41 feet to the said point of beginning. The tract contains 15.67 acres more or less and is subject to all existing easements and documents of record.

EXHIBIT B

AUTHORIZING RESOLUTION

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of the City of Shelby, Montana (the "City"), certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION APPROVING CONTRACT FOR PRIVATE DEVELOPMENT WITH CHS INC. AND AWARDED THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE INDUSTRIAL TAX INCREMENT REVENUE NOTE (SHELBY INDUSTRIAL PARK FAIRGROUNDS AREA TIF DISTRICT - CHS FACILITY), SERIES 2013" (the "Resolution on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a regular meeting on May 20, 2013, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following City Council members voted in favor thereof:

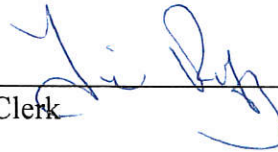
voted against the same:

abstained from voting thereon:

or were absent:

WITNESS my hand officially this 30th day of May, 2013.

City Clerk



(SEAL)

RESOLUTION NO. 1863

RESOLUTION APPROVING CONTRACT FOR PRIVATE DEVELOPMENT WITH CHS INC. AND AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE INDUSTRIAL TAX INCREMENT REVENUE NOTE (SHELBY INDUSTRIAL PARK FAIRGROUNDS AREA TIF DISTRICT - CHS FACILITY), SERIES 2013

WHEREAS, the City of Shelby, Montana (the "City") has previously established its Shelby Industrial Park-Fairgrounds Area Tax Increment Financing District (the "TIF District") pursuant to Montana Code Annotated, Sections 7-15-4282 through 7-15-4299, and Montana Code Annotated, Title 7, Part 15, Chapter 43, as amended (collectively, the "TIF Act");

WHEREAS, the TIF District is an Industrial Tax Increment Financing District authorized to be established pursuant to the provisions of the Act in order to encourage the development of secondary value added industries in the City;

WHEREAS, CHS Inc., a Minnesota cooperative corporation (the "Developer"), would like to develop certain parcels in the TIF District (the "Development Property") as described in the Contract for Private Redevelopment (the "Development Agreement"), between the City and the Developer;

WHEREAS, the Developer is proposing to develop the Development Property with the acquisition, construction, and equipping of an approximately 40,000 ton bulk dry fertilizer receiving and distribution facility including a 45,000 square foot building and a parking area (the "Project"); and

WHEREAS, the City believes that the development of the Development Property pursuant to and in general fulfillment of the Development Agreement is in the vital and best interests of the City, will promote the health, safety, morals, and welfare of its residents, and will be in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, in the Development Agreement the City has agreed to issue the TIF Note (as described below) and sell the TIF Note to the Developer to reimburse the developer for costs that are eligible to be paid from tax increment as more fully described in Section 7-15-4288 of the TIF Act and this resolution provides for the terms for the issuance of the TIF Note.

BE IT RESOLVED BY the City Council for the City of Shelby, Montana (the "City") as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The City has heretofore approved the establishment of the TIF District and the Developer's construction of the Project on the Development Property in the TIF District, which is within the boundaries of the City and the TIF District. The TIF District was established by the City pursuant to ordinance in 2008 and will amend such ordinance to provide for the segregation of the tax increments to be derived from the Development Property until the payment in full of the TIF Note (as defined below) for the purpose of financing certain improvements within the Project.

Pursuant to the TIF Act, the City is authorized to issue and sell its tax increment bonds or notes for the purpose of financing all or a portion of the costs enumerated in Section 7-15-4282 of the TIF Act

relating to the Project. The TIF Note shall be payable from the tax increments derived from the Development Property and shall not be payable from the tax increments derived from other parcels in the TIF District. The City hereby finds and determines that it is in the best interests of the City that it issue and sell its Taxable Industrial Tax Increment Revenue Note (Shelby Industrial Park Fairgrounds Area TIF District – CHS Facility), Series 2013 (the “TIF Note”) for the purpose of financing eligible development costs authorized to be financed with tax increments under Section 7-15-4282 of the TIF Act.

1.02 Agreement Approved; Issuance, Sale, and Terms of the TIF Note. The City hereby approves the Development Contract and authorizes the Mayor and City Finance Officer to execute such Agreement in substantially the form on file with the City, subject to modifications that do not alter the substance of the transaction and are approved by such officials, provided that execution of the Development Agreement by such officials is conclusive evidence of their approval. The City hereby delegates to the Mayor the determination of the date on which the TIF Note is to be delivered, in accordance with Section 4.2 of the Development Agreement. The TIF Note shall be sold to the Developer or its designated affiliate. The TIF Note shall be dated the date of delivery thereof, and shall bear interest at the rate of 5.00 percent per annum to the earlier of maturity or prepayment. The City shall receive in exchange for the sale of the TIF Note the agreement of the Developer, pursuant to the terms of the Development Agreement, to (i) construct the Minimum Improvements (as defined in the Development Agreement) on the Development Property, (ii) comply with the job and wage goals set forth in Section 4.3 of the Development Agreement, and (iii) and to pay the amount of property taxes for the Development Property as set forth in Article VII of the Development Agreement.

Section 2. Form of TIF Note. The TIF Note shall be issued in substantially the form in EXHIBIT A attached hereto, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue and other revisions as are required by the City’s bond counsel, all as approved by the Mayor.

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The TIF Note shall be issued as a single typewritten note numbered R-1. The TIF Note shall be issuable only in fully registered form in the name of the Developer or its designated affiliate. Principal of and interest on the TIF Note shall be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the TIF Note shall be payable on each January 1 and July 1, commencing July 1, 2014 (or such other date as agreed between the City and the Developer) until full repayment of the TIF Note (each a “Payment Date”). Principal of and interest on the TIF Note shall be payable by mail to the owner of record thereof as of the close of business on the 15th day of the month preceding the Payment Date, whether or not such day is a business day.

3.03. Registration. The City hereby appoints the City Finance Officer to perform the functions of registrar, transfer agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its office a bond register in which the Registrar shall provide for the registration of ownership of the TIF Note and the registration of transfers and exchanges of the TIF Note.

(b) Transfer of Note. Upon surrender for transfer of the TIF Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly

authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the TIF Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the City has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the City, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until such Payment Date.

The TIF Note shall not be assigned by the Developer without the written consent of the City.

(c) Cancellation. The TIF Note surrendered upon any transfer shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(d) Improper or Unauthorized Transfer. When the TIF Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Note or separate instrument of transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(e) Persons Deemed Owners. The City and the Registrar may treat the person in whose name the TIF Note is at any time registered in the bond register as the absolute owner of the TIF Note, whether the TIF Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the TIF Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to such transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case any Note shall become mutilated or be lost, stolen, or destroyed, the Registrar shall deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of such mutilated Note or in lieu of and in substitution for such Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the TIF Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that such Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. The TIF Note so surrendered to the Registrar shall be cancelled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The TIF Note shall be prepared under the direction of the Mayor and Finance Officer and shall be executed on behalf of the City by the signatures of its Mayor and Finance Officer. In case any officer whose signature shall appear on the TIF Note shall cease to be such officer before the delivery of the TIF Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. When the TIF Note has been so executed, it shall be delivered by the City to the Owner thereof in accordance with the Development Agreement.

Section 4. Security Provisions.

4.01. Pledge. The City hereby pledges to the payment of the principal of and interest on the TIF Note all Available Tax Increment (as defined in the Development Agreement), but solely from the Development Property. The TIF Note shall be a special limited obligation of the City payable solely from the Available Tax Increment and the TIF Note shall not be a general or moral obligation of the City and the general credit and taxing power of the City are not pledged to the payment of the TIF Note. Available Tax Increment shall be applied by the City to payment of the principal of and interest on the TIF Note in accordance with the terms of the TIF Note.

4.02. Bond Fund. Until the date the TIF Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the City shall maintain a separate and special "Bond Fund – CHS TIF Note" to be used for no purpose other than the payment of the principal of and interest on the TIF Note. The City irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment. After the payment in full of the TIF Note, the Bond Fund shall be closed by the City and any Available Tax Increment remaining in the Bond Fund shall be transferred to the City's account for the TIF District.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The representatives of the City are hereby authorized and directed to prepare and furnish to the Owner of the TIF Note certified copies of all proceedings and records of the City, and such other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the TIF Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

Section 6. Effective Date. This resolution shall be effective upon full execution of the Development Agreement.

Adopted by the City Council of Shelby, Montana, this 20th day of May, 2013.

CITY OF SHELBY, MONTANA



Mayor

Attest:



City Finance Officer

EXHIBIT A

UNITED STATE OF AMERICA
STATE OF MONTANA
COUNTY OF TOOLE

CITY OF SHELBY
TAXABLE INDUSTRIAL TAX INCREMENT REVENUE NOTE
(SHELBY INDUSTRIAL PARK FAIRGROUNDS AREA TIF DISTRICT - CHS FACILITY),
SERIES 2013

No. R-1 \$500,000

Rate	Maturity	Date of Original Issue
5.00%	July 1, 201_	_____, 2013

REGISTERED OWNER: CHS, Inc.

PRINCIPAL AMOUNT: FIVE HUNDRED THOUSAND DOLLARS AND 00/100 (\$500,000.00)

The City of Shelby (the "City") for value received, certifies that it is indebted and hereby promises to pay to CHS, Inc., a Minnesota cooperative corporation (the "Owner"), the principal sum of \$500,000.00 and to pay interest thereon at the rate of 5.00 percent per annum, as and to the extent set forth herein. Capitalized terms used in this Note and not defined herein shall have the meanings granted to them in the Contract for Private Development, dated May 21, 2013 (the "Development Agreement"), between the Owner and the City.

1. Payments. Principal and interest ("Payments") shall be paid on July 1, 2014, and each January 1 and July 1 thereafter to and including the maturity date listed above ("Payment Dates") in the amounts and from the sources set forth in Section 3 herein. Payments shall be applied first to accrued interest, and then to unpaid principal. Interest accruing from the date of issue through and including July 1, 2014 shall be compounded on July 1, 2013 and January 1, 2014 and added to principal.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon 30 days written notice to the City. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated above shall accrue on the unpaid principal, commencing on the date of original issue. Interest shall be computed on the basis of a year of 360 days and charged for actual days principal is unpaid.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date solely from and in the amount of "Available Tax Increment," derived from the Development Property and paid to the City by Toole County in the six months preceding the Payment Date.

The City shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment and the failure of the City to pay the entire amount of principal or interest on this Note on any Payment Date shall not constitute a default hereunder as long as the City pays principal and interest hereon to the extent of Available Tax Increment.

4. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Development Agreement, the City may withhold from payments hereunder under all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Development Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, on the next Payment Date after the Event of Default is cured. If the Event of Default is not timely cured, the City may terminate this Note by written notice to the Owner in accordance with the Development Agreement.

5. Optional Prepayment. Solely from Available Tax Increment, the principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Note. Any prepayment on this Note will be made solely from Available Tax Increment.

6. Nature of Obligation. This Note is issued pursuant to the provisions of Montana Code Annotated, Sections 7-15-4282 through 7-15-4299, and Title 7, Part 15, Chapter 43, as amended (the "TIF Act"). This Note is payable solely from Available Tax Increment and is a special limited obligation of the City and the general credit and taxing power of the City are not pledged to the payment of this Note. Neither the State of Montana, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Montana or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

This Note is the sole note of an issue in the total principal amount of \$500,000, issued to aid in financing certain eligible tax increment costs as defined in Section 7-15-4282 of the TIF Act. This Note is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the City on May 20, 2013, and pursuant to and in full conformity with the Constitution and laws of the State of Montana.

7. Estimates of Available Tax Increment. Any estimates of Tax Increment prepared by the City or its respective financial advisors in connection with the Available Tax Increment and the Development Agreement are for the benefit of the City only, and are not intended as representations on which the Developer may rely.

THE CITY MAKES NO REPRESENTATIONS OR WARRANTIES THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF THIS NOTE.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the City kept for that purpose at the principal office of the City Finance Director, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the City, duly executed

by the Owner. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the City with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

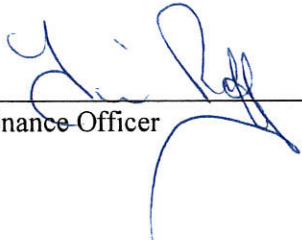
This Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner, unless the City has (i) consented in writing to such transfer and (ii) been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the City, that such transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Montana to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the City according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the City Council of the City of Shelby has caused this Note to be executed with the manual signatures of its Mayor and City Finance Officer, all as of the Date of Original Issue specified above.

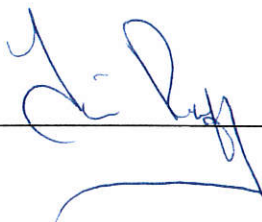
CITY OF SHELBY, MONTANA

By  _____
Its Mayor

By  _____
Its City Finance Officer

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the City Finance Officer, in the name of the person last listed below.

Date of Registration	Registered Owner	Signature of City Finance Officer as Registrar
<u>May 30</u> , 2013	CHS, Inc. 5500 Cenex Drive Inver Grove Heights, MN 55077 Attn: Executive Vice President, Country Operations	

SH260-020 (BWJ)
422515v.2

EXHIBIT C

CERTIFICATE OF COMPLETION

WHEREAS, the City of Shelby (the "City") and CHS, Inc. (the "Developer") entered into a certain Contract for Private Development dated May 21, 2013 ("Contract"); and

WHEREAS, the Contract contains certain covenants and restrictions set forth in Articles IV and V thereof related to completing certain Minimum Improvements; and

WHEREAS, the Developer has performed said covenants and conditions insofar as it is able in a manner deemed sufficient by the City to permit the execution and recording of this certification;

NOW, THEREFORE, this is to certify that all construction and other physical improvements related to the Minimum Improvements specified to be done and made by the Developer have been completed and the agreements and covenants in Articles IV and V of the Contract have been performed by the Developer, and this Certificate is intended to be a conclusive determination of the satisfactory termination of the covenants and conditions of Articles IV and V of the Contract related to completion of the Minimum Improvements, but any other covenants in the Contract shall remain in full force and effect.

Dated: May 30, 2013

CITY OF SHELBY, MONTANA

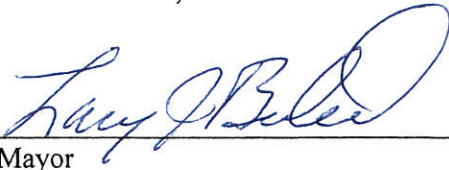
By: 
Its: Mayor

EXHIBIT D

FORM OF QUIT CLAIM DEED FROM CITY TO DEVELOPER

QUIT CLAIM DEED

THIS INDENTURE, between the City of Shelby, a Montana municipal corporation (“Grantor”) and CHS Inc., a Minnesota corporation (“Grantee”).

WITNESSETH, that Grantor, in consideration of the sum of \$313,400, and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Toole and State of Montana described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the “Property”):

A tract of land located in the SW ¼ of Sec. 26, SE ¼ of Sec. 27, and NW ¼ of Sec. 35, Township 32 North, Range 2 West, P.M. Montana, Toole County, City of Shelby, Montana, more particularly described as follows:

Commencing at the southeast section corner of said Sec. 27 thence N 00°03'15" W, 258.36 feet to the point of beginning; thence N 64°52' 21" W, 99.04 feet; thence N 10° 28'43" E, 490.32 feet to the east section line of said Sec. 27; thence N 10° 28' 43" E, 376.50 feet to the southerly property line of railroad spur tract as shown on C.O.S. 349577; thence S 54° 25'30" E, 890.37 feet along the southerly line of said tract as shown on C.O.S. 349577 to the west right-of-way of Marias Fair Road as shown on C.O.S. 337703; thence S 00° 40'04" E, 636.05 feet along said Marias Fair Road to the south section line of said Sec. 26; thence S 00°40' 04" E, 116.09 feet along said Marias Fair Road; thence N 64° 52' 21" W, 274.24 feet to the south section line of said Sec. 26; thence N 64° 52'21" W 610.41 feet to the said point of beginning. The tract contains 15.67 acres more or less and is subject to all existing easements and documents of record.

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions, and provisions of an agreement recorded herewith entered into between the Grantor, and the Grantee on the 21st day of May, 2013, identified as “Contract for Private Development” (hereafter referred to as the “Agreement”) and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record.

SECTION 2.

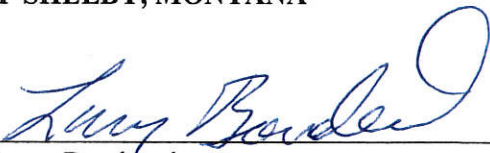
The Grantee’s rights and interest in the Property are subject to the terms and conditions of Section 3.2 of the Agreement relating to the Grantor’s right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of such right upon issuance of a Certificate of Completion as defined in the Agreement.

It is intended that the above and foregoing agreements and covenants shall be covenants running with the land for the term of the Agreement, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

Grantor certifies that it does not know of any wells on the Property.


IN WITNESS WHEREOF, the Grantor has caused this Deed to be duly executed in its behalf by its Mayor and its Chief Fin officer this 30th day of May, 2013.

CITY OF SHELBY, MONTANA

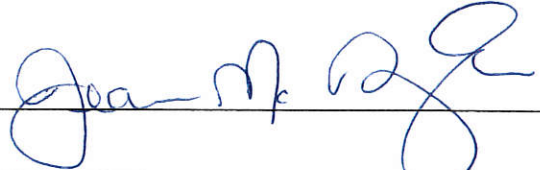
By: 
Larry Sonderud

Its: Mayor

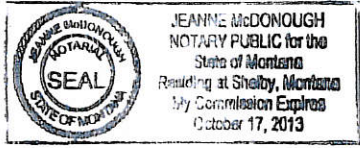
STATE OF MONTANA)
) ss
COUNTY OF TOOLE)

By: 
Its: Chief Finance Officer

On this 30th day of May, 2013, personally appeared Larry Sonderud, the Mayor of the City of Shelby, Montana, on behalf of the City.



(Typed, Stamped, or Printed Name of Notary)



Notary Public for the State of Montana

Residing at: _____

My commission expires: _____, 20__

(seal)

This instrument was drafted by:

Kennedy & Graven, Chartered, P.C.
470 US Bank Plaza
Minneapolis, Minnesota 55402
(612)337-9300